WP (F-4) 14

Software – E-mail and Network

NICOR GAS COMPANY

BOARD OF DIRECTORS APPROVAL

PROJECT REVISION

Budget Item No. 8983 - Novell Replacement

This information technology project replaces the company's Novell system with Windows 2000/Exchange software. This project came in under budget due to less investment in infrastructure than originally anticipated. This project is complete.

Actual Expenditures \$ 3,769,000 Original Authorization \$ 4,600,000 Revision \$ (831,000)

Approved by Financial Policy Committee

Secretary

July 11, 2003 Date

Approved by Board of Directors

Secretary

July 17. 2003 Date Note: Use additional pages if more space is needed.

BUDGET #TEM NO.	AAUNO.	REGION 6.0	CAPITAL TYPE (see back)	AFUDC (see back)		Estim	ated Expenditures_	
8983	452	Central Central	Information Techn	1110	Year	This Request	Previous Authorization	Total Authorization
Activity # Investment	178331	1	178332	PARTIAL AUTHORIZATION	2003	\$ -831000	\$ 4600000	\$3769000
Activity # Retirement		``		Yes		\$	\$	\$
Activity # Investment	178333	33 R/PI/SINO. ESTIMATED START DATE Year Retired Quarter Quarter Total		\$	\$	\$		
Activity # Retirement						\$	\$	\$
FILE NO.	NBA/MR/	PI/SINO.		1	Retired	\$	s	\$
	L	***************************************				\$ -831000	\$ 4600000	\$3769000
Project Location Company wide Project Description Novell Replacement In	ofrastructu	ura Phaea It - Miar	ata offunci innorted no	hwork operating o	vetome (Nov	wall cycle	ome (Graunwise) to N	Mindows 2000 8
Exchange	mastructi	urePhase ii - Mig i	ate offunsupported he	twork oberating sy	Sterns (NOV	reil) & erriali syste	этіз (отойрміза) то т	VIIIdows 2000 &
Alternatives Conside Upgrade Novelito sup		rsions & install ba	sic Windows 2000 1 Ex	change software t	o support b	usiness needs fo	or WIndows 2000	
Reason for Request		Ange .						
Support & compliance								
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Reason for Budget R Original approach called Discovered approach technology.Lower projections	ed for hea	work given the la	rge number of servers	in network. New a	pproach wa	dows 2000 enviro as developed tha	onments to remain ac t relied more on labo	etive simultaneously. r & less on
For Revisions Only		Reimbur	sable?			ırsable Projects		rall budget?
Revision:		☐ No ☐ Yes _	%	☐ No (Public ☐ Yes (Privat	,	see instruction	Dollars and year	(s):
Operating Expense I	mpact (sr	pecifyin detail)						
	1 222 (2)	,,						
<u>Eco</u>	nomic As	ssessment Data	TA	CAPPROVAL		Approva Date I	als TSC APPRWAL	DATE
Item (see page 2)			value					
Cost of Capital (after t	ax)		% PR	INT RECOMMENDED BY		DATE F	PRINT APPROVEDBY OFFICE	R DATE
Net Present Value at 0	C/C (after	tax)	\$ Ci	ndy Madziarczyk		6/18/03	Barbara Zeller	6/18/03
Internal rate of return	(IRR), if a	pplicable		COMMENDED BY SIGNAT			APPROVED BY SIGNATURE	OFFICER
Treasurer's Office App	oroval		API	PROVED BY CMT	U wie		Oarleana U approved by Board of Di	RECTORSIFPC DATE
<u> </u>		Da	te	IT COMPLETION BY			POST INVESTMENT REVIEW	
						1.1	f ves, Quarter	Year

NICOR GAS COMPANY

BOARD OF DIRECTORS APPROVAL

NEW PROJECT

Budeet Item No. 8983 - Information Technology

Replace Novell's Netware operating system with Microsoft's Windows 2000, and replace Groupwise e-mail system with Exchange 2000.

Total Authorization \$4,600,000

Approved by Financial Policy Committee

April 12.2001 Date

Approved by Board of Directors

April 19, 2001

Date

WP (F-4) 14 5130

Page -Note: Use additional pages if more space is needed BUDGET ITEM NO. A/UNO. REGION CAPITAL TYPE (see back) AFUDC (see back) **Estimated Expenditures (\$000)** Previous Authorization 452 GO 520 & 526 Total Authorization Yes No Year This Request PARTIAL AUTHORIZATION Activity # Investment 2001 2200,000.00 Activity # Retirement Yes No 2002 \$2,000,000.0 2003 \$600.000.00 \$4,600,000.0 Activity # Investment Activity # Retirement ESTIMATED START DATE EST. COMPLETION DATE FILE NO. NBA/MR/PI/SI NO. 2001 2003 Retired Quarter_2 Total \$4,600,000 Project Location Company Wide Project Description Migrate off unsupported network operating systems (Novell) and e-mail systems (Groupwise) to Windows 2000 and Exchange Alternatives Considered Far Revisions Only Revision (circle) Upgrade Novel1 to supported versions and install basic Windows 20001Exchange software to support business needs for Windows 2000 Reason for Request Reimbursable? Support and compliance No % Reason for Budget Revision Included in overall budget? Dollars and Year(s) Mains to be Installed Cost/Foot Mains to be Retired Footage Class Est. Type Std. Footage Yr. Installed Footage Size Yr. Installed Туре Туре Feet of total main to be installed Feet of total main to be retired Other Facilities (installed or retired). Also include any operating expense impact. Project OM \$216,000 **Economic Assessment Data** Approvais Print Recommended by Date Print Approved by Vice President Item (see other side) Date Value % Ron Katt 04/02/01 **George Behrens** 04/02/01 Cost of Capital (after tax) Approved by VP signature \$ Net Present Value at C/C (after tax) Recommended by signature % Internal rate of return (IRR), if applicable Treasurer's Office Approval (only if FPC to approve) Approved by CPR Approved by Board of Directors/FPC Date Post-Investment Review Yes No Budget Completion/ Date Date Tolerance Check by Ву Yes Undecided Year If ves. Quarter ff you need more space for tho 'Mains to be installed/Retired field', please fill it out on another Actual Expenditures and commitments through **CPR** Completion by Date piece of paper and turn that in with this form. date of completion

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Distribution: Original to Plant Accounting. Copy to Plant Accounting on job completion.

Service____Out of Service__



		Capital				OE		
		Customize		Sub-total	Ĭ	Customize		Sub-total
	SW	SW	HW		SW	SW	HW	
Win2K AD Infrastructure	212	241	199	652				0
Exchange 2000 Server	125	390	381	896				0
Outlook 2000 Client		615	20	635		72		72
File & Print Servers	107	169	497	773				0
Workstation Application Certification		349		349				0
Project Management		559		559				0
IT Training				0		124		124
Operational Readiness		85		85				0
Project Communications		21		21		20		20
Sub-total	444	2,429	1,097	3,970	0	216	0	216
Taxes				-				0
Contingency	67	364	165	596				0
Total	511	2,793	1,261	4,566	0	216	0	216



April 2001 Board Meeting

Novell Operating System and Groupwise E-Mail Replacement

Nicor Gas Network Environment

- Novell platform is 10 years old
- Supports 80 file servers
- Enables 1800+ workstations
- One million e-mails per week

Strategic Direction

- Groupwise functional deficiencies
- Novell market decline
- Microsoft strategy
 - Desktop
 - Web application development

Tactical Issues

- Unsupported Novell/Groupwise risk
- Replacement is complex and labor intense
- Business solutions requiring Windows 2000 are growing

Approach

- Avanade/Accenture as integrators
- 24-month timeframe
- Impacts all business users



13

Novell Operating System and Groupwise E-Mail Replacement

Presentation to Financial Policy Committee

April 12, 2001

Current Issues

- Nicor has been utilizing Novell's Netware Operating System (O.S.) and Groupwise E-Mail software for the last 10 years. The versions of Netware (4.1) and Groupwise (5.2) that Nicor is running are no longer supported by Novell as of March, 2001.
- Novell's share of the O.S. market (16.8%) began to decline in 2000 and adoption of their new products has been slow. Groupwise market share (11.4%) has also been declining since 1999. Adoption of the Windows 2000 products has been growing strongly. Microsoft Exchange e-mail system has the second largest market (35.4%) share behind Lotus Notes (42.3%).
- Nicor has a growing number of business solutions that require Windows 2000 at both the server level and desktop. Our recent decision for the e:municipal portal will be built on a Microsoft platform. With a minimal amount of e-business, our internet mail averages over 2,000 messages daily.
- Future integration with applications and e-business will require compatibility with Exchange (e-mail). Not using Microsoft could cause compatibility issues similar to those Nicor had in 1997 with WordPerfect and Lotus.
- Nicor's 1997-1998 PC replacement and standardization program (\$3.3M) addressed only the desktop hardware and software. With the pace of this technology changing, Nicor is three generations behind current desktop hardware, operating systems and application office suite versions.
- Micor has partnered with Accenture/Avanade in Q1 to conduct a study of the alternatives and lo develop an approach that has lead up to this recommendation.

Alternative 1 - Total Cost: \$4.8 M - Recommended

- □ Capital \$4.6
- Operating Expense \$0.2
- ☐ Replace Novell with Windows 2000
- Replace Groupwise with Exchange 2000

Advantages

- Aligned with Network Strategy
- Allows for integration with eCommerce and Unisys NT initiatives
- Less technologies to support (lower OE)
- Market leading software
- Increased long-term vendor viability
- Required skill-set easier to obtain

Disadvantages

- Higher cost
- ☐ New user interface (training)
- Increased IT learning curve

Based on 24 month over three budgef years timeframe to complete.

NICOR GAS COMPANY

BOARD OF DIRECTORS APPROVAL

NEW PROJECT

Budget Item No. 8983 - Information Technology

Replace Novell's Netware operating system with Microsoft's Windows 2000, and replace Groupwise e-mail system with Exchange 2000.

Total Authorization \$4,600,000

Approved by Financial Policy Committee

K of Dellow

Aoril12.2001 Date

Approved by Board of Directors

Secretary

April 19, 2001 Date

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Alternative 2 - Total Cost: \$3.5 M

- Capital \$3.3
- Operating Expense \$0.2
 - Upgrade to supported version of Novell
- Upgrade to supported version of Groupwise
- ☐ Create "basic" Windows 2000 environment
- Create "basic" Exchange environment

Advantages

- ☐ Least cost
- Decreased user training
- Decreased business disruption

Disadvantages

- Still requires basic W2K and Exchange
- Significant cost to upgrade Novell and prepare for Windows 2000 / Exchange
 - ²coexistence
 - Increased cost for maintenance (OE)
- ☐ Multiple implementations
- Future of Novell and Groupwise unknown
 Additional future cost for complete conversion

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Benefits of Windows 2000 Architecture include:

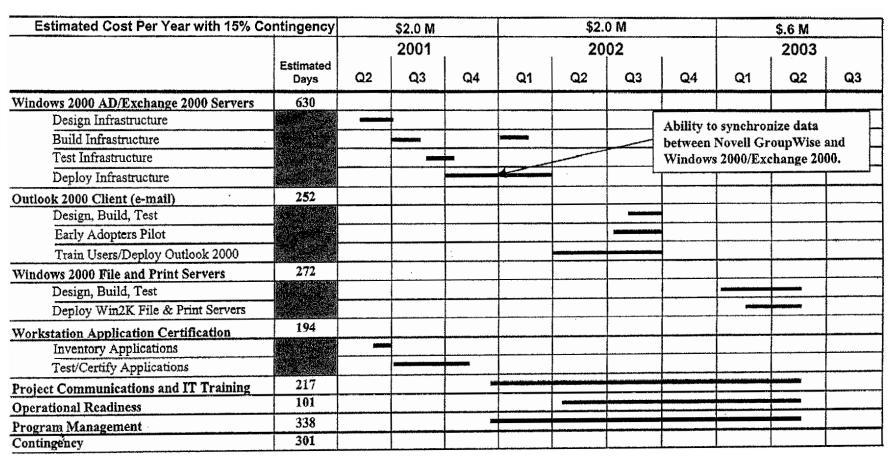
- Windows 2000 Network Operating System on Servers
- Active Directory and File/Print services on Servers
- MS Exchange 2000 e-mail servers (runs on Windows 2000)
- MS Outlook -mail client on workstations (runs on Windows 2000)
- Windows 2000 Operating System and applications on workstations

Active Directory is Microsoft's trademarked directory service, an integral part of the Windows 2000 NOS architecture. Active Directory is a centralized and standardized database that automates network management of user data, security, and distributed resources.

Recommended - Windows 2000/Exchange/Outlook Project Action Plan and Scope

- May 2001 to July 2001
 - Refine deployment timelines
 - Create detailed Windows 2000/Exchange 2000 Infrastructure Architecture
 - Begin build of Windows 2000/Exchange 2000 Infrastructure
 - Inventory Business Unit workstation applications
 - Begin Testing and Certification of Business Unit workstation applications
 - Begin training of IT support staff on Windows 2000/Exchange 2000
- July 2001 to December 2001
 - Test and begin deployment of Windows 2000/Exchange 2000 Infrastructure
 - Design, Build, Test Outlook 2000 client (e-mail)
 - Rollout e-mail client pilot (includes training of pilot users)
 - Complete Workstation application certification
- January 2002 to May 2003
 - Complete build and deployment of Windows 2000/Exchange 2000 Infrastructure
 - Deploy Outlook 2000 to the User community
 - Design, Build, test Windows 2000 File and Print Architecture
 - Deploy Windows 2000 File and Print Infrastructure

Alternative 2 - Preliminary Program Timeline



Total

2,305

Total Estimated Cost = \$4.6M

Item 2b.

NICOR INC.

FINANCIAL POLICY COMMITTEE BOARD OF DIRECTORS APPROVAL

NEW PROJECT

Budget Item No. 8983 - Information Technology

Replace Novell's **Netware** operating system with Microsoft's Windows 2000, and replace **Groupwise** e-mail system with Exchange 2000.

Total Authorization \$4,600,000



Novell Operating System and Groupwise E-Mail F e

Presentation to Financial Policy Committee

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- Future integration with applications and e-business will require compatibility with Exchange (e-mail). Not using Microsoft could cause compatibility issues similar to those Nicor had in 1997 with WordPerfect and Lotus.
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- □ Nicor has partnered with Accenture/Avanade in Q1 to conduct a study of the alternatives and to develop an approach that has lead up to this recommendation.

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- Capital \$4.6
- Operating Expense \$0.2
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- Replace Groupwise with Exchange 2000

Advantages

- Aligned with Network Strategy Allows for integration with eCommerce and Unisys NT initiatives
- Less technologies to support (lower OE)
- Market leading software
- Increased long-term vendor viability
- Required skill-set easier to obtain

Disadvantages

Higher cost

- New user interface (training)
- Increased IT learning curve

WP (F-4) 14 24/30

Windows 2000 Project							·	
		С	apital		OE		Days	
(\$ Thousands)	Nicor IS	Vendor Fees	Hardware & Software	Sub-Total	(Accounted in 2001 Budget)	IS	Vendor	Total
Win2K AD Infrastructure	38	263	351	652		108	132	240
Exchange 2000 Server	47	510	339	896		135	255	390
Outlook 2000 Client	53	562	20	635	72	151	461	612
File & Print Servers	64	178	531	773		183	89	272
Workstation Application Certification	120	229		349			137	137
Project Management	25	534		559			267	267
IT Training		0		0	124		124	124
Operational Readiness	25	60		85		71	30	101
Project Communications	11	10		21	20	60	10	70
Sub-Total	383	2,346	1,241	3 , 970	216	708	1,505	2,213
Taxes/Shipping								
Contigency (15%)				596		106	226	332
Total Cost (Capital, OE)				4,566	216	814	1,731	2,545

*Budget***	2001	2002	[®] 2003	Total	The state of the s
(\$Millions)	2.2	2.0	0.6	4.8	

Alternative 2 – Total Cost: \$3.5 M

Capital \$3.3

- Operating Expense \$0.2
- Upgrade to supported version of Novell
- Upgrade to supported version of Groupwise Create "basic" Windows 2000 environment
- Create "basic" Exchange environment

Advantages

- Least cost
- Decreased user trainingDecreased business disruption

Disadvantages

- Still requires basic W2K and Exchange
- Significant cost to upgrade Novell and prepare for Windows 2000 / Exchange coexistence
- Increased cost for maintenance (OE)
- Multiple implementations
- Future of Novell and Groupwise unknown
- Additional future cost for complete conversion

Benefits of Windows 2000 Architecture include:

Windows 2000 Network Operating System on Servers

- Active Directory and File/Print services on Servers
 MS Exchange 2000 e-mail servers (runs on Windows 2000)
- MS Outlook -mail client on workstations (runs on Windows 2000)
- Windows 2000 Operating System and applications on workstations

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Recommended - Windows 2000/Exchange/Outlook Project Action Plan and Scope

May 2001 to July 2001

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- Begin Testing and Certification of Business Unit workstation applications
- Begin training of IT support staff on Windows 2000/Exchange 2000

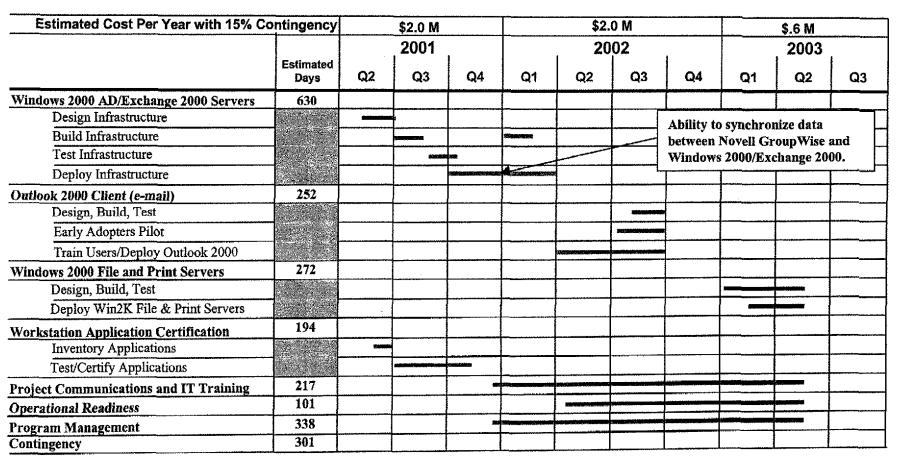
July 2001 to December 2001

- Test and begin deployment of Windows 2000/Exchange 2000 Infrastructure Design, Build, Test Outlook 2000 client (e-mail)
- Rollout e-mail client pilot (includes training of pilot users)
 Complete Workstation application certification

January 2002 to May 2003

- Complete build and deployment of Windows 2000/Exchange 2000 Infrastructure
- Deploy Outlook 2000 to the User community
- Design, Build, test Windows 2000 File and Print Architecture
 Deploy Windows 2000 File and Print Infrastructure

Alternative 2 - Preliminary Program Timeline



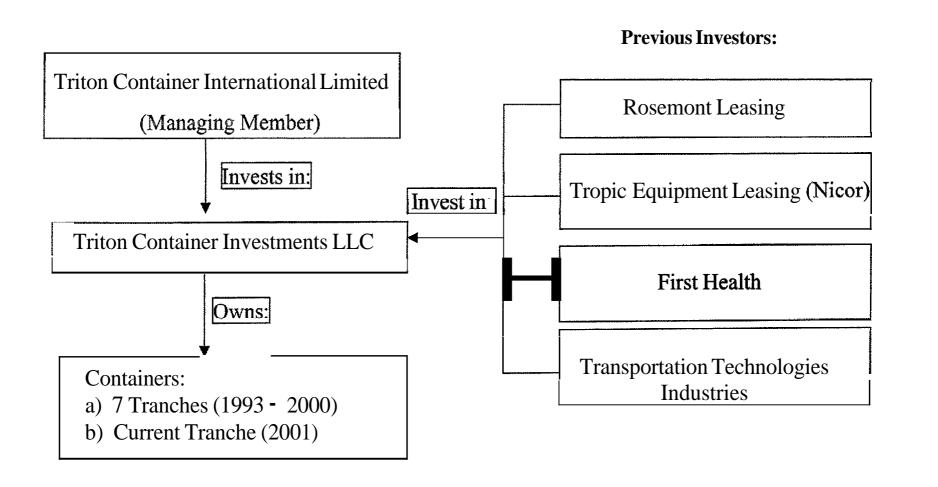
Total

2,305

Total Estimated Cost = \$4.6M

Exhibit 1

Ownership Structure of Triton Container Investments LLC



WP (F-4) 15

Gas Distribution Improvement – Main Replacement



Nicor Gas 1844 Ferry Road Naperville, IL 60563-9600 Mailing Address: P.O. Box 190 Aurora, IL 605074190 Phone 630 983-8676 internet www.nicorgas.com

Minutes of Special Meeting of the Board of Directors of Nicor Gas Company held pursuant to notice at the Company's General Office, 1844 Ferry Road, Naperville, Illinois, on Thursday, July 18,2002 at 9:00 a.m.

PRESENT: Robert M. Beavers, Jr.

Bruce P. Bickner John H. Birdsall, III Thomas A. Donahoe Thomas L. Fisher John E. Jones Dennis J. Keller William A. Osbom

John Rau John F. Riordan Patricia A. Wier

being all of the members of the Board of Directors.

Mr. Cali presented two capital project revision requests. The first project's original request to replace main was for \$2,240,000. The increased expenditures of \$555,000 reflect adjacent public improvement work that increased the amount of facilities requiring replacement. The total project cost is \$2,795,000. The original request for the other project was \$917,000 to relocate main on public right-of-way due to road construction. The cost revision of \$124,000 results from increased welding, tie-ins and backfill related to more extensive requirements. The total project cost is \$1,041,000. Upon motion duly made and seconded, the revisions were approved.

NICOR GAS COMPANY BOARD OF DIRECTORS APPROVAL PROJECT REVISION

Budget Item No. 2263 - Main Revlacement

Material and labor to replace about 37,000 feet of mostly 8 inch steel main installed in the 1920's and operating at 60 psig. The cost revision reflects adjacent public improvement work that increased the amount of facilities requiring replacement.

Current Request \$ 555,000

Previous Request 2,240.000

Total Authorization \$2,795,000

WP (F-4) 15 3/9 3/2/00

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EMN	D. AA	INO. RE	GION	CAPITAL TYPE (see	back) AFUD	C (see back)			Estimate	d Expendity	res (\$000)		
226	3 6	96	South	Main Rep	lace 🕢	Yes No	Year	Thi	5Request	Pro Auth	evious onzation	Austh	otai xization
Activity # Inve	estment 1	48633 \		148634	PARTI	IAL AUTHORIZATION	2000	\$ 750	.00	\$ 60	6.0	\$ 750.0	0 /350.0
Activity # Reti	irement 3	48633	1	348634		res No	2001	\$80	0.00			\$800.	
Activity # Inve	estment 1	48635 [/]		148463 -	here the								***************************************
Activity # Reti	irement 3	48635		348463									
ILE NO.	NE	A/MR/PI/S	į	ESTIMATED STAR		COMPLETION DATE 2001							
E16302A	K I	MR9901	1	2000 3	-	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Retired	\$70.	00		20,0_	\$7 0.0 0	90
				Quarter 3	Quart	ier	Total	\$1,6	20.00	68	6.0	\$1,520	0.00
Project Loca East Hazel		mewoo	d, Chic	ago Heights	, Cook Co	ounty			- · ·			2,79	5,000
Project Desc nstall 27,2 Ashland, R	:00'-8". 60	000'-2" F	Æ, 550' rr Road	-4" PE, 200' I. Install 1-c	-4" and 20 lual 5x5 v	00'-6" from 1 ault at 171st	71st and	Ashland t	o Joe Orr				g
Alternatives	Caraldana									51	10 LIUE		isions Only
install 12"	60 psig ı	main ins	tead of	8" high-pre	ssure ma	in. Reviewe	ed alterna l	t e routes f	or the ins	tallatiah	which	Revision	(circle)
nvolvect a	dditional	footage	s. Con	itinue to rep	air existi	ng 10 " gas m	nain.					2	3 4
Reasonlor												Reimbur	sable?
Economic	analysis	indicate	es if i s i	more feasib	le to repla	ace rather th	an repair	(MR9901)).	•		No	
		···										Yes	%
	on includ	des Phas				overall repla						included	din overall Yes
				n the origin es L. II and II		Sudget Autho	orization i	Request(see attach	ned) was	done for	<u> </u>	and Year(s)
Mains to be	Installed			Co	st/Foot	Mains to be	Retired						
Footage	Size	Туре	Clas		Std.	Footage	Size	Yr. installed	Туре	Footage	Size	Yr. Installed	Туре
27,200 6,000 550 200 200	8" 2" 4" 4"	STL PE PE STL STL	I	1 \$52.8 1 \$15.0 1 \$23.6 1 \$36.0	7 \$60.5 0 \$16.8 4 \$24.8 0 \$30.8	0 6,110 9 13,260 4 2,400 1 370	10" 10" 10" 10" 10"	UNK 1926 1943 1957 1961	STL STL STL STL STL	1,850 60 20 20	2" 4" 4"	UNK 1961 1962 1973	SC STL STL STL
Feet of total r			1.150.0	0	0 421.2	710	io"	1982	STL	Feet of tota	l maiñ to be	retired 24,9	70.00
	***			nclude any op	erating exp	ense impact.							
Install 1	-dual 5x	(5 steel	vault,	4-8" valve	s, 2-6" v	alves							
	Ec	onomic As	sessment	Data					Аррго	vals			
Item (see oth	er side)				/alue	Print Recomm	ended by		Date	Print Appro	ved by Vice I	President	Date
Cost of Capita	al (after tax)) 			%	angeles	while	1 2/2	9100	Lon	nie U	oshaw:	colools
Net Present \	/alue at C/C	(after tax)		\$		Recommended	d by signatu	re		Approved E	y VP signatu	re	1
Internal rate	of return (IR	dR), if applic	able		%	ANGEL	E MAIL	PIELO		Lonn	i W My	ahan	Plala
Treasurer's	Office Appr	roval (only	y if FPC to	арргоче)		Approved by	CPR		Date	Approved	by Board of	Directors/FP	(Date
В				Date		Budget Comp Tolerance Ch			Date	Yes	tment Revie	Undecide	ed
lf you need mor Installed/Refired	d field', please	e fill il out e	व बार्क्सिक			Actual Expen		Icommitme	nts(hrough	If yes, Qua CPR Comp		Year	Date
piece of paper a	साव प्राप्ता प्राप्ता श	ili mirii iliis I	UITL	- OVOF		date of comp	NECHOII						

-- OAGL -

MCOR GAS

BOARD OF DIRECTORS APPROVAL

NEW PROJECT

Budget Item No. 2263 - Main Replacement

Material and labor to replace about 37,000 feet of mostly 10 inch steel main installed in the 1920's and operating at 60 psig. Replacement is required for three reasons: 1) the deteriorating condition of this bare steel pipeline installed with mechanical couplings; 2) because of its condition and mechanical joints, repairs typically involve custom fittings which are costly and problematic in emergencies; and 3) the new line will be 8 inches in diameter but will operate at higher pressures (230 psig) and provide a backfeed to the other higher pressure systems in the area.

Total Authorization

\$2,240,000

Approved by Financial Policy Committee

Secretary (y

March 7.2000

Approved by Board of Directors

Secretary

March 16,2000

200 Nicacri Gas PLANT BUDGET AUTHORIZATION REQUEST 4009 2-99

over

Revised

WP (F-4) 15 5/9

Page 1 of Z Jse additional pages if more space is needed NO. REGION CAPITAL TYPE (see back) AFUDC (see back) A/U NO. Estimated Expenditures (\$000) 6 696 South Main Replace Previous Authorization Yes No Total Authorization Year This Request Activity # | nvestment PARTIAL AUTHORIZATION 148633 148634 2000 750.00 \$ 750**.0**0 Yes No 2001 \$800.00 Activity # Retirement 348633 348634 \$800.00 148635 Activity # I nvestment 348635 Activity # Retirement NBA/MR/PI/SI NO. ESTIMATED START DATE EST. COMPLETION DATE FILE NO. 2000 2001 Retired \$70.00 \$70.00 MR9901 E16302A-K \$1,620,00 Total 6200 \$1,520,00 **Project Location** 2.2 40.0 East Hazelcrest, Homewood, Chicago Heights, Cook County Project Description nstall 27,200'-8", 6000'-2" PE, 550'-4" PE, 200'4" and 200'-6" from 171st and Ashtand to Joe Orr Road and State Street along Ashland,Riegel, and Joe Orr Road. Install I-dual 5x5 vault at 171st and Ashland。 Alternatives Considered For Revisions Only Install 12" 60 psig main instead of 8" high-pressure main. Reviewed alternate routes for the installation which Revision (circle) involved additional footages. Continue to repair existing 10" gas main. 2 3 4 Reason for Request Reimbursable? Economic analysis indicates it is more feasible to replace rather than repair (MR9901), No Yes Reason for Budget Revision included in overall This revision includes Phases II and III to complete the overall replacement project, Please note: the economic budget?Yes assessment that was completed on the original Plant Budget Authorization Request (see attached) was done for the overall project including Phases L II and III. Dollars and Year(s) \$800/2000 Mains to be Installed Cost/Foot Mains to be Retired Footage Footage Size Class Est. Std. Type Size Yr. Installed Type Footage Sîze Yr. Installed Type 27,200 6,000 \$52.87 \$60.50 \$15.00 \$16.89 \$23.64 \$24.84 \$36.00 \$30.81 \$32,50 \$31.57 811 STL 6,110 10" IINK UNK STL 1,850 ź" SC PE II 10¹¹ 411 13,260 1926 STL 60 1961 4", STL ΡĒ ĬŎ". 1943 1961 2,400 370 170 STL 4", $\frac{1962}{1973}$ 10" 1982 STL Feet of total main to be installed 34,150.00 Feet of total main to be retired 24,970.00 Other Facilities (Installed or retired). Also include any operating expense impact. Install 1-dual 5x5 steel vault, 4-8" valves, 2-6" valves **Economic Assessment Data** Approvais Print Recommended by Date Print Approved by Vice President item (see other side) Value % Cost of Capital (after tax) burlewhot 2/29/00 Ohnic Upstow Recommended by signature \$ Approved by VP signature Net Present Value at C/C (after tax) % Internal rate of return (IRR), if applicable HNPELB MAILEIGERD Treasurer's Office Approval (only if FPC to approve) Approved by CPR Date Approved by Board of Directors/FP(Date Post-Investment Review Budget Completion/ Date No Undecided Yes By:∵D. Tolerance Check by If yes. Quarter_ if you need more space for the 'Mains to be installed Pletined field', please fill it out on another niece of paper and turn that in with this love, Actual Expenditures and commitments through CPR Completion by Date date of completion

WO. # RETIRMENT 148463	**************************************	PREVIOUS		¥.,			DC (SEE BACK)	29 AF	Y TYPE (SEE BAC	ACTIVI	D. DIVISION	DEPT NO	ET ITEM
NO. 9 RATERIALENT 148463 PARTIA AUTHOR 1999 \$600.00 PEAR THIS REQUEST AUTHORIZATION PARTIA AUTHOR 1999 \$600.00 PARTIA AUTHOR 1999 \$600.00 PEAR THIS REQUEST 148463 PARTIA AUTHOR 1999 \$600.00 PEAR THIS REQUEST 140.00 PEAR 14	\$600.0°		POSV				n 521	ENT -	REPLACEM	RN MAII	SOUTHE	_ 696	/
CO. F RETIREMENT 349453	\$20,0		AUTHOR			 		/ 					
LE NO. HBA/WR/PI/SINO. EST. START DATE EST COMPLETION DATE YEAR 4/1/09 RETIRES \$20.00 HBAJORAK MR9801 11 01 99 QUARTER 1 TOTAL \$620.00 HBAJORAK MR9801 11 01 99 QUARTER 1 TOTAL 1 T	-		DO	<u>2600.00</u>		1999							
TOTAL RETIRES SQU.00 REJECT LOCATION HAZEL CREST AND EAST HAZEL CREST. THORNTON TOWNSHIP. COOK COUNTY. REOJECT DESCRIPTION HAZEL CREST AND EAST HAZEL CREST. THORNTON TOWNSHIP. COOK COUNTY. REOJECT DESCRIPTION INSTALL 6,705'-8", 10'-6", 10'-4" AND 3,665'-2" P.E. GAS MAIN ALONG LINCOLN, BETWEEN 167TH ST. AND 171ST., AND ALONG 171ST STREET BETWEEN LINCOLN AND ASHLAND. INSTALL 1 - 5'X5' DUAL VAULT ALONG LINCOLN AT 170TH ST. ALTERNATIVES CONSIDERED NSTALL 10" 60 PSIG MAIN INSTEAD OF 6" HIGH PRESSURE MAIN. REVIEWED ALTERNATE ROUTES FOR THE INSTALLATION WHICH INVOLVED ADDITIONAL FOOTAGES. CONTINUE TO REPAIR EXISTING 10" GAS MAIN. REASON FOR REQUEST CONOMIC ANALYSIS INDICATES IT IS MORE ECONOMICAL TO REPLACE RATHER THAN REPAIR. MIRPSO1) SECONOMIC ANALYSIS INDICATES IT IS MORE ECONOMICAL TO REPLACE RATHER THAN REPAIR. WIRPSO1) SECONOMIC STALL 10 THE INSTALLATION FOOTAGE SIZE NISTALED THE FOOTAGE SIZE NI	-					,			T CTART DAY	EINO LE		REMENT	
EDUCATION HAZEL CREST AND EAST HAZEL CREST. THORNTON TOWNSHIP. COOK COUNTY. ROJECT DESCRIPTION NSTALL 6,705-8", 10" - 6", 10"-4" AND 3,685- 2" P.E. GAS MAIN ALONG LINCOLN, BETWEEN 1667TH ST. AND 171ST., AND ALONG 171ST STREET BETWEEN LINCOLN AND ASHLAND. NSTALL 1 - 5"X5" DUAL VAULT ALONG LINCOLN AT 170TH ST. LITERNATIVES CONSIDERED NSTALL 10" 60 PSIG MAIN INSTEAD OF 6" HIGH PRESSURE MAIN. REVIEWED ALTERNATE ROUTES FOR THE INSTALLATION WHICH INVOLVED ADDITIONAL COLTAGES. CONTINUE TO REPAIR EXISTING 10" GAS MAIN. REASON FOR REQUIEST CONOMIC ANALYSIS INDICATES IT IS MORE ECONOMICAL TO REPLACE RATHER THAN REPAIR. 100LA 10	-		00	\$20.00		RETIRES		~		1			
HAZEL CREST AND EAST HAZEL CREST. THORNTON TOWNSHIP. COOK COUNTY. ### PROJECT DESCRIPTION INSTALL 6,705'-8", 10' - 6", 10'-4" AND 3,665'- 2" P.E. GAS MAIN ALONG LINCOLN, BETWEEN 167TH ST. AND 171ST., AND ALONG 171ST STREET BETWEEN LINCOLN AND ASHLAND. INSTALL 1 - 5'X5' DUAL VAULT ALONG LINCOLN AT 170TH ST. ALTERNATIVES CONSIDERED NSTALL 1 0" 60 PSIG MAIN INSTEAD OF 8" HIGH PRESSURE MAIN. REVIEWED ALTERNATE ROUTES FOR THE INSTALLATION WHICH INVOLVED ADDITIONAL FOOTAGES. CONTINUE TO REPAIR EXISTING 10" GAS MAIN. PREASON FOR RECOVERS 1 S MORE ECONOMICAL TO REPLACE RATHER THAN REPAIR. MR9901) MR9901 1	\$620.0					TOTAL	ER <u>1</u>	QUART	11 01 99	<u>" </u>	Mesal	DZA-K	E163(
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## DTAGE SIZE TYPE CLASS	ARS AND YEAR(S) 00.00 (1999)	DO										1)	AR990
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	1959 STL											4"	
		0 6	30	SIL	1926	10"	1,925	\$30.31 	\$187.43				
6" STL. H \$197.43 \$31.57 4,095 10" 1929 STL 115 8			115	STL	1929	10"	4,095	\$31.57	\$197.43	#1	STL.	67	3
05 8" STL. H \$56.44 \$60.50 165 4" 1956 STL 56\$ 16	1960 STL	5 в		STI	1956	4"	165	\$60.50	\$56.44	H	STL.	87	or l
125 4" 1958 STL 440 2	1960 STL 1960 STL		565						1				U3
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DTHER FACKLITIES (INSTALLED OR RETIRED). ALSO INCLUDE ANY OPERATING EXPENSE IMPACT AT MAIN TO BE INSTALLED OR RETIRED.	1960 STI 1960 STI 1960 STI 1984 STI	55 16 10 2 5 2	440	STL STL	1958	8"			40.202				
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AFROVED SPICC DATE APPROVED BY BOARD OF DIRECTORS	1960 STL 1960 STL 1960 STL 1960 STL 1984 STL 1996 P.E.	55 16 10 2 5 2 8,305 19,5-2" \$ 1-6" \$TL.	#440 75 RED 6XS #410119, 5-4	STL STL STL STL STRETIFET	1958 DTAL MAIN TO NIT #1119, IN	B" FEET OF TO	120 UNIT #1017, 1-5	1-5X5 VAULT 10 = \$35,200	AT \$400.	TIRED). ENSE IMPA	STALLED OR REPERTING EXPE	CHITIES (IN LUDE ANY O	FEET OF OTHER FA ALSO INC
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NORTHERN ILLINOIS GAS PLANT BUDGET AUTHORIZATION REQUEST 86-4009 4-94

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10	4"	STL.	11	\$187.43	\$30.31	1,925	10"	1926 _	STL	30	6	1960	STL.
10	6"	STL.	11	\$197.43	\$31.57	4,095	10"	1929	STL	115	8	1960	STL
6,705	8"	STL.	11	\$56.44	\$60.50	165	4"	1956	STL	565	16	1960	STL
				-			4"						,
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		INSTALLED OR F OPERATING EX		TABLE I	I-5X5 VAULT 00 = \$35,200.	r UNIT #1017, 1 .00	-5X5 VAULT	UNIT #1119, II	ISTALL 1 5X	5 #410119, 5-8'	' & 1 -6" STL.	VALVE. 88 SE	RVICES
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NET PRES		FTER TAX)		A ROV	ÆD BY PICC	,		DATE	APPROV	VED BY BOARD	OF DIRECTO	ORS/FPC	DATE
(AFTER TA	X) RATE OF F	RETURN (IRR)		BY	T COMPLETI	ION / TOLERAN	ICE CHECK	DATE	IF YES.	NVESTMENT R YEŞ OUARTER		O U	UNDECID
TREASURI (ONLY IF F		E APPROVAL PROVE)	DAT	HACTUAL	EXPENDITU COMPLETI	RES AND COM	MITMENTS	THROUGH	PIGC C	OMPLETION			DATE

ESTIMATED EXPENDITURES (\$000): Dollar amount (in thousands) of work expected to be accomplished by calendar year; not dollar amount expected to be paid. Use "Frevieus Authorization" columns only if a revision is invoked.

ESTIMATED START DATE: Date first work is expected to start.

ESTIMATED COMPLETION DATE: Estimate of quarter and Year when **project** is expected to be placed in service.

AFUDC/ALLOWANCE FOR FUNDS USED DURING

CONSTRUCTION: This amount applies to projects requiringsix or more months' continuous construction. If yes, contact Supervisor Ptant Accounting.

PROJECT DESCRIPTION: Project sponsor's description of course of action being proposed for authorization.

ALTERNATIVES CONSIDERED: Project sponsor's description of atternatives considered. For example, may reflect a "do nothing." "postpone specified time period." "use NI-Gas versus outside labor," "lease versus purchase," or "repair versus replace" condition.

REASON FOR REQUESTIREASON FOR BUDGET REVISION: Provide detailed description of reason for requesting budget authorization or revision. If a PI, indicate in this section the percent expected to be reimbursed.

MAINS TO BE INSTALLED COSTIFOOT: Show estimated (EST) cost per foot by size, type (e.g. steel, plastic) and construction class (Class 1, generally for new work; Class 2, generally for replacement work). Estimated cost foot should exclude cost of "unusual conditions" such as a railroad or river crossing. Iso, for up to eight-inch pipe, show Engineering Department's past three-year companywide inflation adjusted average cost as standard (STD) cost per foot for pipe indicated. Engineering Department's costs per foot reflect paving and landscaping for replacement work (Class 2)

ECONOMIC ASSESSMENTDATA: To be provided by project sponsor with assistance from Treasurer's Office, if needed. For MR's, show only net present value after tax from "Main Replacement Evaluation" Form No. 86-4016). Need not be provided for PI's unless, by policy, the project is to be approved by the Financial

Cost of Capital (after tax): NI-Gas' estimated cost of capital after tax (CC alx). For NBA's only, CC a/x should be overall return after tax allowed in last rate case. For all other economic assessments, CC a/x should be rate specified currently by Treasurer's Office.

Net Present Value at CC (after tax): Total of annual cash flows after tax (but before interest expense) discounted at estimated cost of capital after tax shown on CC alx line.

a parcent which discounts a licash flows after tax (but before interest expense) to zero. If New Business job, also note if deposit was necessary. If deposit waived, explain why.

<u>Treasurer's Office Approval:</u> The economic and tax assumptions and calculations of all projects submitted to PICC which by policy must also be approved by the Financial Policy to be reviewed by Treasurer's Office.

PARTIAL AUTHORIZATION: To permit the start of necessary work on projects requiring Board of Director approval but for which the total cost cannot yet be accurately estimated, Policy Order A-11 provides that a partial authorization may be approved by the PICC. The project sponsor is also required to provide a total cost estimate in order to obtain approval of a partial authorization. Among factors to be considered by PICC when granting a partial authorization are safety and whether the work is reimbursable. Each partial authorization shouldbe reported to NI-Gas' president by the PICC chairman. This procedure is expected to be used sparingly. Once a total cost estimate can be accurately estimated, a revised project should be submitted and approved.

APPROVALS

Budget Completion and Tolerance Check To be performed/signed by project budget sponsor. Tolerance check is to conform with Ni-Gas Procedure C-7. Plant Budget Authorization. Include work order completion notices, unless aiready forwarded to Plant Accounting.

Post-Investment Review: To be completed by PICC secretary.

PICC Completion: To be completed by PICC secretary.

Policy Committee			Sale and Sale			
APPROVAL LEVELS		3117				
DOLLARS IN THOUSANDS UTILITY PLANT	BOARD OF DIRECTORS/ FINANCIAL POLICY COMMITTEE		PLANT INVESTMENT CONTROL COMMITTEE	SENIOR OFFICER		
\$1,000 + ≥ \$200 but < \$1,000 ≥ \$100 but < \$200		PPROVAL TION ONLY	PRELIMINARY APPROVAL FINAL APPROVAL INFORMATION ONLY	PRELIMINARYAPPROVAL PRELIMINARY APPROVAL FINAL APPROVAL		
GENERAL PLANT						
\$500+	FINAL AI	PPROVAL	PRELININARY APPROVAL	PRELIMINARYAPPROVAL		
≥ \$150 but < \$500	INFORMA	TION ONLY	FINALAPPROVAL	PRELIMINARY APPROVAL		
\$75 but < \$1 50			INFORMATION ONLY	FINALAPPROVAL		
UTILITY PLANT EXAMPLES Aquifer work Compressorinstallations (under Distribution end transmission m		GENERAL PLANT Comrnunicatons eq Computer equipme Computer software	uipment	Office buildings Office furniture apitalize) Tools		

ACTIVITY TYPES Communication

Land | buildings

Computer software

Dept. computing equipment

Main replacement Mainframe computer Miscellaneous revision New business Office furniture
Public improvement
Storage
System improvement

Tools
Transmission
Transmportation

Item 1.

NICOR GAS COMPANY

FINANCIAL POLICY COMMITTEE APPROVAL

NEW PROJECT

Budget Item No. 2263 - Main Replacement

Replacement of deteriorating 80-year old main in the south suburbs

Total Authorization

\$2,240,000

1,4

WP (F-4) 16

Gas Storage Improvement – Emission Controls

NICOR GAS COMPANY

BOARD OF DIRECTORS APPROVAL

NEW PROJECT

Budget Item No. 194 - Storage

Installation of eighteen air emission control flare stacks **on** various **equipment** located at our **seven storage** fields to comply with environmental **requirements**.

Total Authorization

\$2,664,000

Approved by Financial Policy Committee

Secretary

July 13.2001 **Date**

Approved by Board of Directors

July 19,2001 Date



20-0 Nicor Gas PLANT BUDGET AUTHORIZATION REQUEST 4009 2-99

	A/U NO. R		re space is TAL TYPE (see back)					Estimate	d Expenditure	es (\$000)		
94		i		Yes	No	Year	This	Request	Prev	rious	Total Authoriz	
aivity # Investment	10400	7 /	06202	PARTIAL A	AUTHORIZATION	2000	\$ 0.00		\$ 700.0	***************************************	\$ 700.00	
ctivity # Retirement	30400		06202	Yes	No	2001	\$1,	929.00	\$0.00		\$1,929	
c £iv ity # Investment	10460		······································					***************************************				
ctivity # Retirement	3046							······································			1	
LE NO.	NBA/MR/PI/	SI NO. ESTI	ESTIMATED START DATE		IPLETION DATE							
			Year 2000 Quarter 3	1	Year 2001 Quarter 4		35	······································			35	
		, con	u,s	usares_		Total	1964	1	700		2664	
rojectDescription as tall emissions	s controls	on reboile	rs. A total of	18 new	controls v	vill be insta	alled.					
lternatives conside	ered	·····	<u></u>	<u></u>							For Revision (ci	ons (ircle
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Reason for Request Compliance wit	h emissior	ns requiren	nents of USE	PA	**************************************						Reimbursa No Yes	ble?
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Note: I Øse addi	tional pages i	if more space is i	needed					Pa	geof_	
BUDGET TIEM NO.	A/U NO. REGION	CAPITAL TYPE (see back)		Estimated Expenditures (\$000)						
()194		Storage	Yes No	Year	This	Request	Pro	vious orization	Total Authorizat	tion
Activity # Irrivestment	104007	106202	PARTIAL AUTHORIZATION	2000	^{\$} 550.	00	\$ 0.00		\$ 550.00	
Activity # Retirement	304007	306202	Yes No	2001	\$750	0.00	\$0.00		\$750_00	
Activity # Irrivestment	104601									
Activity # Retirement	304601									
FILE NO.	NBA/MR/PI/SINO.	ESTIMATED START DATE	i							
		Year 2000	Year 2001	Retired	100	100			100	
	i	Quarter_3	Quarter_4	Total	1400		0		1400	
ProjectDescription	<u> </u>	a. 50, Lake Bloomi				ington •	Sta. 42, A	ncona " §	Sta. 70	
Alternatives Conside	ered	h "Replace all ecol			***************************************	alternat	ives and	-	For Revision Revision (circ	
		irements & USEP	Α,						Reimbursabl No Yes	%
Reason for Budget R	evision								Included in a budget? Ye Dollars and \$180 - 20	s Year(s
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	alled a retired). Al	so include any operatir nent Data	ng expense impact.			Аррг	ovals			
Item (see other side)						Print Approved by Vice President Date				
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Net Present Value at 0	Recommended /	Recommended by signature Ap					Approver by VP signature			
Internal rate of return	% Nanue	Many Duston (19t)					1/////////8-16-00			
Treasurer's Office A	pproval (only if FP	C to approve)	Approved by (त्रिक् -	C	ate	Approved i	y Board of	Directors/FP@at	
Ву		Date	Budget Compl Tolerance Cha	eck by	Į	ate	Post-Inves Yes If yes, Qua	_ No	ewUndecided Year	
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Recent Activities

- IEPA requested Nicor Gas to test the emissions from the reboiler at Pontiac in August 1998
- bid out testing and put together a test plan, by the time IEPA approved the plan, the withdrawal season was over and the test postponed until the next winter (1999-2000)
- January 2000 conducted test of emissions, but aborted the test because of technical difficulties
- based on preliminary results, **likely** to have failed test (85% destruction efficiency required)
- March 2000 conducted study at Troy Grove and Pontiac on reboiler emissions without IEPA present to better understand what was happening
- June 2000 received report from consultant with results
- efficiency of ecology stack ranges from 50 95+%
- not an official test, so no obligation to report

Regulatory Status

- 1995 applied for Title V air permits for the storage fields
- used GRI GLY-CALC program to estimate emissions
- assumed an efficiency of the ecology stacks based on industry standards
- regulations require 85% destruction of organic material if VOM > 8 lb/hr or if odor nuisance
- June 1999 ONG MACT rule requires 95% destruction, 3 year compliance period, LDC's exempt

Recommendation

- Replace all ecology stacks with new control devices that achieve 95 % destruction efficiency
- Replace over a 2 year period, 2000 2001
- Install new control devices at Pontiac and Troy Grove in 2000 (6 total)
- Install new control devices at Lake Bloomington, Hudson, Lexington and Ancona in 2001 (8 total)
- total budget \$1,300,000 \$550,000 in 2000 (\$180,000 budgeted by Troy Grove) \$750,000 in 2001